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June 19, 2002

BY ELECTRONIC FILING
Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Re: Second Application of Verizon for Authorization to Provide In-Region, InterLATA Services in New Jersey, WC Docket No. 02-67.

Dear Ms. Dortch:

In response to an inquiry from Jordan Goldstein of Commissioner Copps' office, AT&T Corp. ("AT&T") respectfully submits this letter in response to Verizon's claim that its inflated New Jersey non-recurring charge ("NRC") for feature service change orders can be justified by comparison to Verizon's proposed feature service change order NRCs in New York. The short answer is that the current *interim* New York NRCs are nothing more than Verizon's *proposed* rates, which have not been approved by the New York Public Service Commission ("NYPSC"). As AT&T has explained to the NYPSC in pending proceedings, Verizon's proposed New York feature service change order charge is not remotely cost-based. Thus, Verizon's New York NRCs cannot be used to justify Verizon's overstated New Jersey feature service change order NRCs.

In its January 28, 2002 Order,[1] the NYPSC ordered Verizon to re-submit UNE rates that comply with that order, and provided interested parties with an opportunity to comment on whether the rates submitted by Verizon do, in fact, comply with that order. The January 28 Order further provided that Verizon's "compliance" rates would be effective only on an interim basis, until the NYPSC determined whether those rates actually comply with the order.[2] The

[1] Before the New York Public Service Commission, Case 98-C-1357, Order on Unbundled Network Elements Rates (January 28, 2002) ("January 28 Order").

[2] *Id.* at 162, ("Within 20 days of the date of this order, Verizon . . . shall file tariff amendments consistent with this order. . . . Any party wishing to comment on the tariff amendments may do so. . . . The tariff amendments shall not take effect on a permanent basis until approved by the Commission but shall be put into effect on a temporary basis").

NYPSC has not yet issued a final order approving (or disapproving) Verizon's proposed compliance rates. AT&T and WorldCom have explained in the joint comments on Verizon's compliance rates (attached hereto), Verizon's proposed New York feature service change order NRC is vastly overstated, and suffer from many of the same problems that inflate Verizon's New Jersey feature service change order NRCs.[3] For example, as in New Jersey, Verizon's own cost studies show that Verizon incurs only a small fraction of the costs that Verizon has proposed for feature service change orders in New York.[4] For all of these reasons, Verizon's interim New York feature service change order NRCs cannot be used to justify Verizon's permanent New Jersey NRCs.

As demonstrated by AT&T, Verizon's own cost studies show that its feature service order change costs should not exceed $0.83. Verizon's New Jersey feature service change order NRCs, however, are $7.71 (normal) and $11.02 (expedited) – more than *10 times* above costs. Verizon has not even attempted to rebut these showings, nor has Verizon offered any evidence that other factors may offset the substantial inflation caused by the TELRIC errors identified by AT&T.

Sincerely,

/s/ David L. Lawson
David L. Lawson

cc: Nese Guendelsberger
Susan Pie
Ann Berkowitz (Verizon)
Alexis Johns
Joshua Swift
Richard Kwiatkowski
Jordan Goldstein

[3] *See* Before the New York Public Service Commission, Case 98-C-1357, AT&T and WorldCom's Joint Comments On Verizon's UNE Rate Compliance Filing, (April 5, 2002).

[4] *See id.* at 13-16.

ATTACHMENT

WORLDCOM

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April 5, 2002

VIA EMAIL AND OVERNIGHT COURIER

The Honorable Janet Hand Deixler
Secretary
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: Case 98-C-1357 - AT&T and WorldCom's Joint Comments on Verizon's UNE Rate Compliance Filing

Dear Secretary Deixler:

I have enclosed for filing an original and fifteen (15) copies of AT&T and WorldCom's Joint Comments on Verizon's UNE Rate Compliance Filing. If you have any questions concerning this filing, please call me.

Respectfully submitted,

Copies: The Hon. Joel A. Linsider
Mr. Daniel M. Martin
Peter M. McGowan, Esq.
All Active Parties (via email)

BEFORE THE STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission to	)	
Examine New York Telephone Company's Rates for	)	Case 98-C-1357
Unbundled Network Elements	)	

AT&T AND WORLDCOM'S JOINT COMMENTS ON VERIZON'S UNE RATE COMPLIANCE FILING

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DATE: April 5, 2002

TABLE OF CONTENTS

BEFORE THE STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission to Examine New York Telephone Company's Rates for Unbundled Network Elements	) Case 98-C-1357

AT&T AND WORLDCOM'S JOINT COMMENTS ON VERIZON'S UNE RATE COMPLIANCE FILING

AT&T Communications of New York, Inc. ("AT&T") and WorldCom, Inc. ("WorldCom") hereby submit their joint comments on Verizon New York Inc's ("Verizon") tariff amendments filed pursuant to Ordering Paragraph 2 of the Commission's Order on Unbundled Network Element Rates ("UNE Rate Order").[1]

INTRODUCTION AND PRELIMINARY STATEMENT

AT&T and WorldCom have conducted an intensive and detailed review of the revisions filed by Verizon in purported compliance with the UNE Rate Order and the Verizon Incentive Plan ("VIP").[2] As discussed herein, we have identified a number of specific tariff provisions, including both rate application provisions and specific rates, that are not in compliance with the UNE Rate Order or with the VIP. We recognize that, despite our detailed review of Verizon's compliance tariff, there may well be provisions of that tariff in addition to those identified herein that also are not in compliance with the UNE Rate Order or the

1 Case 98-C-1357, Order on Unbundled Network Element Rates (Jan. 28, 2002).

2 Cases 00-C-1945, Proceeding on Motion of the Commission to Consider Cost Recovery by Verizon and to Investigate the Future Regulatory Framework, and 98-C-1357, Order Instituting Verizon Incentive Plan (Feb. 27, 2002).

VIP. In addition, experience has taught us that even the most detailed provisions of a tariff may be subject to Verizon interpretation in actual application in the real world. It is possible, therefore, that provisions that appear on their face to conform to the Commission's requirements may, when construed and applied by Verizon, prove to be otherwise. For all these reasons, AT&T and WorldCom reserve the right to bring to the Commission's attention, either informally through Staff or more formally by complaint, issues of nonconformance in the Verizon compliance tariff, either on its face or as applied, which might arise subsequent to this filing.

ARGUMENT

A. UNBUNDLED LOCAL SWITCHING

1. Verizon's Proposed Tariff Includes At Least Two Attempts to Double Recover Switching Costs That Must Be Revised

Unbundled local switching rates have been among the most "hotly contested" elements in both of the Commission's UNE cost proceedings.[3] The UNE Rate Order directed Verizon to file switching usage rates that are substantially reduced from its previous rates, confirming and validating the CLECs' longstanding argument that the now discredited Phase One switching rates were grossly inflated.

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[3] *See* UNE Rate Order at 20.

Having agreed in Case 00-C-1945 that the unbundled local switching rates established by the UNE Rate Order would be at the specific levels outlined in Appendix A of the VIP, Verizon now appears intent on finding new and subtle rate applications that would increase CLECs' switching costs in contravention of the UNE Rate Order, the VIP, and the intent of the Commission.

One such Verizon attempt was cut off at the pass by Staff. Verizon's original compliance filing proposed to apply both an originating and terminating switching charge to intraswitch calls, despite the fact that, consistent with this Commission's orders, only originating switching has been charged on these calls in the past, and despite the fact that the issue was not addressed by Administrative Law Judge Joel Linsider's Recommended Decision ("RD")[4] or the UNE Rate Order. At Staff's request, Verizon filed revised tariff pages that eliminated Verizon's bald attempt to markedly increase CLECs' switching costs by applying the terminating switching charge to intraswitch calls.[5]

Nevertheless, there remain at least two instances in which Verizon seeks double recovery of its switching costs. In the first instance, Verizon seeks to introduce a "non-conversation

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[4] Case 98-C-1357, Recommended Decision on Module 3 Issues (May 16, 2001).

[5] *See* Letter from Sandra D. Thorn, Verizon, to Janet Hand Deixler, NYPSC (Feb. 28, 2002).

time additive" that would increase the minutes of use ("MOU") for which CLECs are charged unbundled local switching to account for non-conversation time, despite the fact that non-conversation time is already clearly accounted for and included in the usage rates. In the second instance, Verizon seeks to charge CLECs terminating switching for calls that originate on a third-party network and terminate to a UNE-P customer, despite the fact that Verizon already recovers that terminating switching via its Unbundled Telephone Company Reciprocal Compensation Charge ("UNRCC").

a. The Nonconversation Time Double Count Must Be Eliminated

Verizon's proposed tariff includes an unambiguous attempt to double recover nonconversation time. With nonconversation time already contemplated and included in the switching rates, Verizon now seeks to inflate the minutes of use to which the rates apply by adding in nonconversation time a second time.

Verizon's own cost study used to derive the unbundled switching MOU rates clearly accounts for nonconversation time. At WP Part B-2, Sec. 1, Pg. 1, 3d Rev.(10/19/00), Verizon summarizes how it reached the MOU rates it proposed in the case in chief. At line 28 of that workpage, Verizon identified a "Non Conversation Time Adjustment." This adjustment (calculated at WP Part B-2, Sec. 7, Pg 1, L5C/5D/13C), is a multiplier that increases the rate to take account of nonconversation time that occurs on a call. The workpaper makes it unambiguously clear that Verizon increased the MOU rate by a factor of at least roughly 10% to account for nonconversation time.

Nevertheless, despite the fact that the unbundled switching rates clearly already include nonconversation time, Verizon proposes in its tariff filing to count it a second time. At Section 5.6.1.6.C(1), Verizon proposes that "Non-conversation time and attempt additives as described above will be *added to the recorded conversation time* to determine the ratable minutes" for unbundled local switching originating. (emphasis added) In other words, Verizon proposes to increase the minutes of use to which the rate applies in order to account for nonconversation time, despite the fact that the rate itself was derived by including those minutes. At Section 5.6.1.6.C(A), Verizon describes its proposed methodology to determine the nonconversation time additive. But as Verizon's workpapers clearly demonstrate on their face, nonconversation time is already built into the rate. Inflating the minutes of use to which the switching rates apply by Verizon's proposed nonconversation time additive is therefore a classic double count that cannot be countenanced.

Verizon must only be allowed to include nonconversation time once - this much is axiomatic. To resolve this double count, which if left alone will result in a substantial overcharge to CLECs in an arena in which Verizon has overcharged competitors for years, Verizon should be directed to remove the nonconversation additives from the tariff. Alternatively, Verizon should be required to recalculate the switching MOU rates so as not to include the nonconversation time additives that are incorporated into its cost study,

Proposed Resolution: Delete section 5.6.1.6(A). Revise section 5.6.1.6(C)(1) by deleting the second sentence, which proposes to the nonconversation time double count.

b. The Third Party Network Double Count Must Be Eliminated

Verizon's proposed tariff appears to allow Verizon a double recovery for the cost of transporting calls that originate on a third party network and terminate to a UNE-P CLEC's customer.

In Sections 5.6.1.6.C.1, Verizon describes its proposed application of the Unbundled Local Switching Terminating ("ULST") rate. Verizon proposes to apply the ULST "for each TC line port terminating minute of use (MOU) for calls from a third party network. It is also one of the rates included in the UNRCC."

First, "third party network" is not defined by the tariff, leaving Verizon an opportunity to define the term as broadly as possible so as to assess the ULST in as many instances as possible. This should be remedied.

Nevertheless, it appears that Verizon is proposing to assess the ULST charge to CLECs who serve UNE-P customers when those customers receive (i.e. terminate) local or intralata toll calls that originate on another carrier's network.

In that scenario, Verizon is transporting the call through its network, from the originating CLEC's network to the UNE-P end user. For this function, Verizon already receives compensation under its proposed tariff, via the Unbundled Telephone Company Reciprocal Compensation Charge. The UNRCC, according to Verizon's proposed tariff at Section 5.6.1.6.C.4, "recovers the costs of Unbundled Local Switching Terminating (ULST) and one end office Shared Trunk Port. This charge applies when a call from an eligible TC's unbundled line port terminates to a Telephone Company switch."

Verizon therefore proposes to apply the UNRCC to recover its costs for precisely this type of call. The UNRCC, by the terms of Verizon's own tariff, includes the ULST. Yet, Verizon proposes not only to recover the UNRCC (including the ULST) from the originating carrier, it also proposes to recover the ULST *again* from the terminating carrier. Under Verizon's rate structure, therefore, it would recover the ULST twice for these calls.

This issue was addressed head-on in the recent AT&T/Verizon arbitration decision. In that matter, the call flows approved by the Commission clearly state that that no unbundled usage charges apply to AT&T UNE-P for local and intraLATA toll calls from facilities based CLECs to AT&T UNE-P: customers.[6] This is the correct result, as allowing Verizon to assess the ULST on top of the UNRCC would be an obvious double recovery. Having lost the issue in the AT&T arbitration, Verizon is now trying to slip this call flow into its compliance filing. This rate application should be rejected.

Proposed Resolution: Revise tariff to indicate that ULST will not be assessed to terminating carrier in situations where Verizon assesses the UNRCC to the originating carrier.

2. The Tariff Should be Clarified to stat that Shared TOPS Trunk Port Does Not Apply to UNE-P

It is unclear from Section 5.4.2 of Verizon's proposed tariff whether Verizon intends to apply the new Shared TOPS Trunk Port charge to UNE-P arrangements. Clearly, this charge

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[6] See Case 01-C-0095, Joint Pet. of AT&T Communications of New York, Inc., et al Pursuant to Sec.252(b) of the Telecomms Act of 1996 for Arbitration to Establish an Interconnection Agreement with Verizon New York Inc., Order Resolving Arbitration Issues (July 30, 2001) at 47-49.

was not included in the calculations that produced the estimated UNE-P monthly charge of $19.14, upon which the parties agreed in Case 00-C-1945 and which the Commission announced via press release on the day the UNE Rate Order was adopted.[7] Appendix A of the VIP includes the elements that comprise the $19.14; Shared TOPS Trunk Port is not among them. If it were to apply to UNE-P arrangements, it would cause the cost of UNE-P to be higher than that which all parties, including the Commission and Staff, anticipated it to be and would disturb the sanctity of the rates agreed upon in Appendix A.

Proposed Resolution: Clarify that the Shared Trunk TOPS Port charge in Section 5.4.2 is not applicable to UNE-P arrangements.

B. NONRECURRING CHARGES

1. Verizon Has Failed To Incorporate The Commission-Ordered 2% Fallout Rate In Its Nonrecurring Cost Calculations, Resulting In Substantially Overstated NRCs

A material component of the calculation of Verizon's nonrecurring costs ("NRCs") is the assumption about the frequency with which CLEC orders will not be processed electronically but rather will require unnecessary manual intervention by Verizon personnel. This assumption, which was

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[7] NYPSC Press Release, "Commission Votes to Reduce Verizon's Wholesale Rates," (Jan. 23, 2002).

extensively litigated in the case, is referred to as the "fallout rate." AT&T and other parties contended throughout the case that the Verizon NRCs should be based on a fallout rate of not more than 2%. The ALJ in the RD concurred, and the Commission in the UNE Rate Order affirmed the ALJ's adoption of the 2% fallout rate. Verizon's compliance filing, however, contains a number of NRCs which are substantially overstated because they do not reflect the Commission-ordered 2% fallout rate. Verizon must be ordered to recalculate and refile its NRCs to comply with the Commission's explicit directive.

The issue of fallout rate is discussed at pages 188 through 190 of the RD. The ALJ summarized the positions of the parties on this issue. The ALJ noted: "AT&T asserts that Verizon's projected fallout rates are not clearly stated and must be calculated from other data; AT&T calculated a fallout rate of 25% for a two-wire loop."[8] The RD then goes on to recite that Verizon "sees no basis for the 2% across-the-board fallout rate advocated by AT&T and the CLEC alliance, contending that fallout rates will vary by activity, though for most UNEs, its studies reflect a 4% rate." The RD concluded that Verizon had failed to

[8] RD at 189.

sustain its burden of proof justifying its claimed fallout rates and recommended the 2% level advocated by AT&T.[9]

The Commission in the UNE Rate Order reviewed this portion of the RD in some detail. Based on its review of the record, and after consideration of the competing arguments offered by AT&T and Verizon, the Commission ruled: "As AT&T points out, the judge had ample record basis for his 2% fallout rate, and Verizon's general exception here is denied."[10]

Despite the consistent and explicit determinations in the RD and the UNE Rate Order, Verizon's compliance filing fails to incorporate the mandated 2% fallout rate in the calculation of many of its NRCs. It continues to be the case, as noted in AT&T's initial filing and in the RD itself, that "Verizon's projected fallout rates are not clearly stated and must be calculated from other data . . ."[11] The 2% fallout rate would apply to a number of work activities in a number of Verizon work centers, which would require a detailed, line-by-line review of Verizon's workpapers underlying the NRCs in its compliance tariff. To illustrate the issue, however, AT&T and WorldCom refer to the Verizon workpaper underlying its NRC for a two-wire loop, the very same element that was explicitly cited as an

[9] *Id.* at 190.
[10] UNE Rate Order at 143.

example in the RD. The Excel spreadsheet (Ex. Part G BANY__Whlsl__NRC__Model__Wkpp__COMP.xls) continues to reflect the same 25% fallout rate for task number one in the TISOC workgroup for a two-wire initial loop that was reflected in Verizon's initially filed cost study. In other words, the specific example of an overstated fallout rate cited in the RD (at p. 188) remains unchanged in Verizon's compliance filing despite the directives in the RD and the Commission's UNE Rate Order to use a 2% fallout rate "across the board."

Verizon's failure to adopt a 2% fallout rate for a number of work activities in a number of different work groups causes a number of Verizon's proposed NRCs in its compliance tariff to be overstated and not in compliance with the Commission's Order. AT&T and WorldCom have identified at least the following work groups as reflecting tasks for which the 2% fallout rate should have been applied, but has not been by Verizon: the TISOC, the RCCC/RCMC, the CPC, the MLAC, the RCMAC, the COFrame and Field Installation. This is because each of these work centers reflects tasks that represent fallout, i.e. error conditions between the actual network conditions and the data stored within the OSS and information reflected on the service order that would require manual fixes to correct. Given

[11] RD at 189.

Verizon's knowledge of, and control over, its nonrecurring cost model, the burden should be on Verizon, not on other parties, to demonstrate to the Commission the comprehensive application of the 2% fallout rate to all work elements to which it should properly be applied, and to reduce its proposed NRCs accordingly. The principal, but not the only example, of overstated NRC's is the $9.01 Service Order charge for switch ports (see sec. 5.6.1.8 of the Verizon tariff). This charge would reduce to no more than $1.01 if the 2% fallout rate were correctly applied.

Proposed Resolution: Verizon should be ordered to recalculate its NRCs, and to make a supplemental filing with the redetermined NRCs, supported by documentation of its application of the 2% fallout rate.

2. Verizon Incorrectly Purports To Levy A Nonrecurring Charge Of $9.01 On All Feature Changes For Existing UNE-P Customers

The Compliance Tariff contains a new provision, Section 5.12.5.4 (fourth bullet), not contained in the prior tariff, which states: "A Subsequent Feature Change charge will apply when subsequent additions or changes are made to the platform service." That tariff provision refers to the nonrecurring charge set forth in subsection 5.6.1.7, which, at Section (B)(4) sets forth the following charge: "Subsequent Addition/Change of one or more features - $9.01 (Normal charge); $13.99 (Expedited charge)." The application of these charges to "Subsequent Feature Changes" is not supported by the rate calculation set forth in the workpapers accompanying Verizon's compliance filing (and, as discussed in the preceding section, both are grossly overstated by virtue of Verizon's failure properly to reflect the Commission-ordered 2% fallout rate). Those workpapers demonstrate that the charge for a subsequent feature change by an existing UNE-P customer should be zero or, at most, a *de minimus* amount based on the insignificant work effort identified in the Verizon workpapers.

The development of the feature change charge is set forth in Verizon's Compliance Filing workpapers (see Excel spreadsheet "Ex. Part G BANY__Whlsl__NRC__Model__Wkpp__ COMP.xls, p. 15). Verizon's own rate development demonstrates that the $9.01 feature change charge is properly applied only at the time of the initial establishment of a UNE-P customer account, and is not applicable to changes in features on an existing UNE-P customer account. This conclusion is reflected in the fact that Verizon's cost development for this charge is based on the expenditure of 11.59 minutes (row 1 of Column F on p. 15 of the workpapers) for a Verizon employee to review and process a local service request from a CLEC "for new installation and/or account." This expenditure of time and effort on a new account must be contrasted with that set forth in row 2, which attributes zero time (and therefore zero cost) when the service order processing relates to "the order request for changes in existing account." As a comparison of row 1 and row 2 makes clear, Verizon's own analysis attributes time, and therefore cost, only to the case of a new installation or account, and not to changes in an existing account. The third row in this cost analysis attributes .88 minutes to the task of "respond and/or change CLEC's pending local service request." It is not clear on the face of Verizon's own cost analysis whether the time described in row 3 relates only to new accounts or to feature changes for an existing account. In any event, at most the charge for a change of feature on an existing UNE-P account should be based on the .88 minute time expenditure and should not reflect any of the 11.59 minutes that Verizon attributes to new account installations.

This issue is one of more than technical significance. If Verizon is permitted to charge a "Subsequent Feature Change" NRC (whether $9.01, as in Verizon's tariff, or $1.01 if corrected to reflect the proper 2% fallout rate) on every occasion when a UNE-P customer requests a feature change, the UNE-P cost to the providing CLEC will be increased materially even for a customer who only requests one feature change per year. Of course, for customers requesting more frequent feature changes, the impact of this NRC is multiplied accordingly.

Proposed Resolution: Because Verizon's own cost study demonstrates that no charge, or at most the charge properly attributable to less than one minute of work (approximately $.29), should be assessed to feature changes on existing accounts, Verizon should be directed to revise its Compliance Tariff to delete, or at least substantially reduce (to $.29 at most), the current proposed $9.01 charge and the application provision set forth in Section 5.12.5.4.

C. INTEROFFICE TRANSPORT

1. Verizon's Compliance Tariff Has Improperly Added A New Rate Element To The Interoffice Facility Network Element, Thereby Creating A Substantial Risk Of Double-Charging

In the interoffice facility ("IOF") unbundled network element section of its compliance tariff, Verizon has introduced an entirely new set of rate elements under the label "Interoffice Transport Entrance Facilities." There is no basis in the Commission's UNE Rate Order, in the ALJ's RD or, indeed, in the record of this case for the addition of "entrance facility" rates as a component of the IOF Unbundled Network Element. The entrance facilities provisions of the IOF section of the compliance tariff should therefore be stricken.

In Section 5.3.4 of the compliance tariff, Verizon includes provision for "Interoffice Transport Entrance Facilities for DS1, DS3, STS-1 and OCn." The rate application is described as follows: These rate elements apply for unbundled dedicated transport facilities between the TC's switch location and Telephone Company serving wire center." The tariff sets out monthly rates for an "Entrance Facility Fixed Charge" and separate rates for a "Per 1/4 Mile Charge." The actual fixed and per-mile charges for the various high capacity entrance facilities are set forth in Section 5.3.4.7 of the compliance tariff.[12] For DS3, STS-1, OC3 and OC12, both the fixed monthly charge and the per-mile charge for the "entrance facility" are higher than the corresponding charges for the IOF facility itself. In other words, the so-called IOF entrance facility is more expensive, both per month and per mile, than the corresponding IOFs.

The IOF entrance facilities rates are entirely new in this compliance tariff. No corresponding provisions exist in the currently effective tariff. Moreover, there is nothing in the Commission's UNE Rate Order or in the ALJ's RD that makes reference to the addition of new entrance facility charges as

[12] There appears to be a tariff section numbering error in the Compliance Filing. Superceding original page 23 contains Section 5.3.4.7, while pages

components of the IOF network element. In fact, Verizon made no reference to the addition of such charges to the IOF network element component anywhere in its filings or briefs in this case. The compliance tariff is the first such appearance of such charges. It is, of course, plainly inappropriate and unlawful for Verizon to attempt to introduce in a compliance filing rate elements that were neither addressed nor ordered in the underlying Commission Order.

Against this background, it is clear that Verizon's attempt to shoehorn new rate elements into the IOF network element provisions in the tariff is unsupported and unjustified, and must be rejected. The so-called "entrance facilities" referred to in the tariff, to the extent that those provisions can be deciphered, clearly overlap with the definition of the IOF facility itself. As quoted above, Verizon defines the entrance facility as providing unbundled dedicated transport facilities "between the TC's switch location and the Telephone Company serving wire center." See Tariff Section 5.3.4. In a second provision, at Section 5.3.4.6, Verizon further provides: "Unbundled dedicated transport-entrance facility provides the TC exclusive use of a point-to-point transmission path facility

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22-26 all refer to Section 5.3.4.6. Presumably the reference to subsection 7 on page 23 is erroneous.

between the TC's switch location and the Telephone Company serving wire center."

This definition of interoffice entrance facility simply describes a component of what Verizon has consistently, at least until this compliance tariff, treated as a component of the IOF network element itself. Specifically, in its currently effective tariff, Verizon does not include a separate provision of such entrance facilities. In its present tariff, in language which is in fact carried over into the compliance tariff (at Section 5.3.3., Verizon describes the mileage measurement used for determining IOF charges for various situations, including transport between "central office or serving wire center ("SWC") and the TC location or the IXC POP." This is precisely the network piece that Verizon purports to separate out and charge at higher rates under the "entrance facility" label. There is simply nothing in the record of this case that would justify this new and higher charge, or that would justify separating the "entrance facility" from the overall IOF charges at all.

Proposed Resolution: Verizon should be directed to delete the provisions relating to IOF entrance facilities from its Compliance Tariff.

2. Verizon's Improperly Rounds Up Transport Mileage

In Section 5.3.3.7, Verizon proposes that in the determination of the mileage measurement for interoffice transport, Verizon will always round up to the next whole mile before determining the mileage. Rounding up in every instance of a fractional mile means that Verizon will always overcharge its competitors and overrecover its costs. In fact, as drafted, the tariff allows Verizon to charge for 2 miles even if the calculation yields 1.01 miles - any fractional amount is rounded up. To remedy this, Verizon should be required to round to the closest whole mile, up or down, and not always round up.

Proposed Resolution: Language should be modified to read, "If the calculation results in a fraction of a mile, always round up or down to the nearest whole mile before determining the mileage…."

D. LOOPS

1. Verizon's Expedite Charge Should Only Be Assessed When Verizon Provides Expedited Provisioning

Verizon's proposed tariff introduces new Expedite Charges when intervals shorter than those provided for normal service are requested. Verizon does not, however, include a commitment to meet expedited requests more quickly than normal requests.

Verizon's interstate Tariff FCC No. 11 appropriately addresses Verizon's obligation to provide rushed service that is sold to the CLEC as part of the expedite rate. At Section 5.2.2.D of that tariff, Verizon states, "A Special Handling Charge will apply when a customer requests a service date that is earlier than the Standard Interval service date for the Access Service ordered. *A Special Handling charge will not apply if the Telephone Company does not complete the order in less than the standard interval. A Special Handling charge is not applied if the Telephone Company offers a less than standard interval and the customers does not accept the offered date."* (emphasis added)

Verizon's New York tariff should be modified to be consistent with its federal tariff, so that Verizon only receives the expedited charge when it provides expedited service. Otherwise, Verizon can assess the higher charge but has no incentive to provide the corresponding level of service.

Proposed Resolution: Modify section 5.5.1.1.A.2.h and all other tariff sections that apply an Expedite Charge to include the following language: "The Expedited Charge applies when intervals shorter than those provided for normal service are requested. The Expedite Charge will not apply if the Telephone Company does not complete the order in less than the standard interval, or if the Telephone Company does not complete the order on the date committed. The Expedited Charge is not applied if the Telephone Company offers a less than standard interval and the customers does not accept the offered date.

2. Verizon's Tariff Should Be Amended To Clarify that Rates are No Longer Conditioned Upon Commission Approval of the Verizon Incentive Plan

In Section 5.5.2, page 44, and in various other places in Verizon's proposed tariff, certain rates are said to be conditioned on the Commission's approval of the Joint Proposal in Case 00-C-1945. The Commission approved the Joint Proposal on February 27, 2002. To eliminate a potential source of unnecessary confusion going forward, the tariff should be revised in all instances so that the rates do not appear to be conditional.

Proposed Resolution: Remove all footnotes in the tariff that read "Upon Commission approval of the Verizon Joint Settlement Proposal, dated February 8, 2002, in Case 00-C-1945, the Rate 1 charge will apply. If the Joint Proposal is not approved, the Rate 2 charge will apply." Accordingly, only the "Rate 1" charges should remain in the tariff.

3. Verizon's Customer Loop Information Charge Should Either be Removed or Clarified

Section 5.5.2, page 47 includes a $7.51 nonrecurring charge for "Customer Loop Information." This is a carryover from Verizon's previous tariffs. Those tariffs, however, included a description of when this charge would be assessed. Verizon's proposed new tariff does not include a similar description. It is thus unclear when Verizon proposes to assess this charge. Furthermore, because the proposed new tariff separately includes loop qualification charges, including a charge for an engineering query, it appears that the Customer Loop Information may be either an anachronism or a potential double recovery.

Proposed Resolution: Verizon should remove this charge or clarify how it intends to assess it so that a more thorough evaluation can be undertaken.

4. Verizon's Unilateral Attempts to Implement Restrictions on CLECs' Use of DSL Services Are Inappropriate And Should be Rejected

a. Verizon's Unilateral Attempt to Limit DSL to All Copper Loops Should Be Rejected

Verizon has made a one-word change to the terms and descriptions describing its ADSL loop offerings that, if allowed to stand, would unilaterally impose a restriction on CLEC loop usage. Specifically, Verizon has changed its tariff language to limit ADSL loops to copper facilities by inserting the word "copper" into the following sentence in Section 5.5.1.1(A)(1)(d): "The digital two-wire link (ADSL Qualified) is available where *copper* facilities exist." (emphasis added)

Verizon has no right to preclude CLECs from providing DSL over any alternative network architecture, such as fiber-fed loops served by digital loop carrier. In fact, this Commission, in Case 00-C-0127, has clearly stated that "Verizon will be required to offer to competitors access to customers served over digital loop carrier as it becomes technically feasible and as is necessary for competitors to offer their services."[13] This case, of course, was a case about UNE rates and specifically not a case about terms and conditions of service. Verizon's compliance filing in this proceeding is not the place for Verizon to try to slip in a limitation on DSL service that was not litigated in this proceeding, was not a proper subject for this proceeding, and has been rejected by this Commission in the DSL proceeding. The language is inappropriate for this compliance filing and should be deleted.

Proposed Resolution: Revert to previous language by deleting copper from the sentence in question, so that it reads: "The digital two-wire link (ADSL Qualified) is available where facilities exist."

b. Verizon's Unilateral Attempt to Compel All CLECs to Use and Pay for Verizon's Loop Qualification Tool for all DSL Orders Should be Rejected

In Section 5.5.5.1(B), Verizon proposes that CLECs must use Verizon's mechanized loop prequalification database before submitting an order for DSL service. There are situations,

[13] Case 00-C-0127, Opinion No. 00-12, Proceeding on Motion of the Commission to Examine Issues Concerning the Provision of Digital Subscriber Line

however, in which a CLEC may choose not to use Verizon's prequalification tool and instead to use its own loop qualification resources. The Commission's December 1999 DSL Rate Order explicitly limited the application of the loop qualification charge to situations in which the CLEC chooses to use the tool and waives the charge where a CLEC chooses not to use it.[14] Verizon's proposed tariff should be revised accordingly, to clarify that the loop qualification charge will only apply when a CLEC uses the service, and that use of the loop qualification is not required for all DSL orders.

E. NID AND HOUSE & RISER

A. The Terms and Conditions of Verizon's TC Not Ready Charge Should Be Revised

In its direct testimony describing its proposed "Carrier Not Ready" charge, Verizon proposed to assess the charge when a CLEC or its representative is not at the premises or is not ready to have the work done. In its proposed tariff, however, Verizon proposes also to assess the charge when a Verizon technician is dispatched out and the trouble is not with Verizon's facilities.

Services, "Opinion And Order Concerning Verizon's Wholesale Provision Of DSL Capabilities" (Oct. 31, 2000) at Ordering Para. 4.

[14] Case 98-C-1357, Opinion No. 99-12, Opinion and Order Concerning DSL Charges (Dec. 17, 1999) at 7.

There is a separate charge in Verizon's tariff for "Misdirected Trouble Out," which applies "when a technician is physically dispatched and the trouble is not as specified by the [CLEC]." Allowing Verizon to assess the Misdirected Trouble Out charge and the TC Not Ready charge in instances where the trouble does not lie with Verizon's network would allow Verizon to charge twice for the same dispatch out. Verizon's tariff should be modified to remove this double count.

In addition, Verizon's tariff assesses the TC Not Ready charge in instances where the CLEC is not available or ready for the work to be done, but Verizon offers no similar credit in instances where the CLEC is available and Verizon is not ready for the work to be done. The TC Not Ready charge should be applied evenhandedly, so that CLECs receive credits when Verizon is not ready.

Proposed Resolution: Modify sections 5.2.1.2.G, 5.2.2.2.L, and 5.2.2.3.B.3 to eliminate references to instances where the trouble is not with Verizon's equipment. Modify sections 5.2.1.2 and 5.2.2.2.H to reflect that "A TC Not Ready credit will be provided to the TC in instances where the Telephone Company is unable to provide NID access at the time of installation." Section 5.2.2.2.H should be similarly modified.

B. Verizon Has Improperly Calculated House and Riser Floor Access Charges

Section 5.2.3 sets forth the proposed new rates for House and Riser. For Floor Access (p. 9), the proposed rates are:

Floor Access	Monthly Rates
- per floor risen, per pair	
Density Zone 1A	$0.02
Density Zone 1B	$0.02
Density Zone 1C	$0.01

A review of Verizon's workpapers, however, indicates that rather than allowing the Excel spreadsheet functions to run, Verizon hard-coded "$0.02" for Zones 1A and 1B. By doing so, Verizon substantially increased the rate that would have been produced had the Excel model been allowed to run. If the Verizon's own excel model is allowed to function normally, the resulting rate for Zones 1A and 1B is $0.015.

Proposed Resolution: Modify section 5.2.3, page 9, to reflect a rate of $0.015 per month for floor access in Zones 1A and 1B.

E. UNBUNDLED CLEC RECIPROCAL COMPENSATION CHARGE

A. The Unbundled CLEC Reciprocal Compensation Charge Should be Based on the New Transport and Switching Rates

Pursuant to Ordering Paragraph Five of the UNE Rate Order, AT&T and WorldCom hereby submit their joint comments on the Unbundled CLEC Reciprocal Compensation Charge.[15]

The UNE Rate Order approved the UCRCC "to compensate Verizon in situations where it receives certain types of calls from the CLEC for hand off to a second CLEC and must make reciprocal compensation payments to that second CLEC." Verizon calculated the charge based on average actual reciprocal compensation payments. The Commission agreed with AT&T's request that the UCRCC should be updated quarterly, and Verizon did not object to this, either. At the same time, the Commission requested further comment on WorldCom's proposal to change the nature of the charge, finding that the concerns raised by WorldCom may be reasonable.[16]

WorldCom and AT&T do not object to the theoretical application of the UCRCC. It is designed to make Verizon whole

[15] Ordering Paragraph Five also invited comments on possible geographic deaveraging of interoffice transport rates. Without waiving any of their rights, AT&T and WorldCom hereby notify the Commission that we do not intend to pursue further geographic deaveraging of IOF at this time.

[16] UNE Rate Order at 161.

when it pays reciprocal compensation to facilities-based CLECs who terminate calls originated by UNE-P CLECs.

It is important, however, that the rate be set at a level that merely makes Verizon whole, rather than generating a windfall for Verizon. As currently tariffed by Verizon, the UCRCC is $0.002155 per MOU. Its reciprocal compensation rates, however, are as follows:

Meet Point A:	$0.001069
Meet Point B:	$0.003231 (nonconvergent)
	$0.001069 (convergent)

Except for nonconvergent Meet Point B traffic, Verizon proposes to charge approximately twice what it should pay in reciprocal compensation.

Furthermore, it must be mentioned emphasized that these are rates that Verizon should pay, but by no means does that mean Verizon actually does pay them. Several CLECs, including WorldCom, have had numerous and ongoing disputes by Verizon regarding reciprocal compensation. As is detailed in the pleadings in Cases 02-C-0294 and 02-C-0295, for example, Verizon has unilaterally decided that it will not pay the reciprocal compensation amounts that WorldCom has invoiced, but rather will pay only the rates set forth in the Federal Communications Commission's ISP Remand Order.

The point here is not to argue the merits of a contested issue in another proceeding, but rather to point out that Verizon in many cases does not pay even the Meet Point A rates, and even if it does pay the Meet Point A rates for reciprocal compensation, they are nearly fifty percent less than the UCRCC, which Verizon proposes to make it whole for its reciprocal compensation payments in certain situations.

All this makes clear that the UCRCC should be equal to what Verizon pays, not more and not less. Consistent with WorldCom's previous comments in this proceeding, the UCRCC should be equal to Verizon's new tariffed reciprocal compensation rates. The quarterly review that AT&T requested and that was granted by the Commission is a step in the right direction, but it still leaves Verizon with recurring three-month windows in which it can charge CLECs via the UCRCC more than it pays out via reciprocal compensation. Furthermore, in any event, if the UCRCC continues to be established based on previous months' reciprocal compensation payments, it should at a minimum be based on payments actually made by Verizon, not the amounts invoiced by CLECs, as those are often two very different amounts.

CONCLUSION

For all of these reasons, the relief requested herein by AT&T and WorldCom should be granted.

Respectfully submitted,

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